Saskatchewan
Housing
Corporation

1987 Annual Report

88-03456/

Saskatchewan Housing Corporation

Dedicated to Public Service

The Saskatchewan Housing Corporation provides a service to the public - a service directed toward the development and delivery of initiatives which improve the affordability and availability of appropriate housing in Saskatchewan. The success of these initiatives is measured by the satisfaction of the people of this province. As the government's agent for housing services, the Corporation must continually strive to meet the highest standards.

In 1987, a goal was set and achieved to provide the best possible service under the Saskatchewan Home Program. Homeowners were given quick access to program information through a toll free telephone line. Emphasis was placed on courteous and efficient service. Applications and payment requests were to be responded to within 30 days.

Customer service is much more than being friendly and helpful. Recognition of customer desires, and tailoring programs to these needs is an essential part of the corporate commitment to service. The Innovative Housing Program is a result of recognizing local needs. It provides people with the opportunity to develop social housing solutions to suit unique community needs, situations and strengths.

The Housing Authority system gives volunteers the opportunity to manage public housing to best meet the needs of their own communities' seniors and low income families. In meeting our commitment to customer service, our staff and volunteer organizations are the key to this commitment and to fulfilling our corporate responsibilities.

Service to the people of Saskatchewan continues to be our foremost objective.

► *Table of Contents*

Letter of Transmittal 2
Minister's Statement 3
Organizational Chart 4
President's Message 5
1987 Program Activity 7
The Saskatchewan Home Program 9
Innovative Housing 11
Enriched Housing 13
Special Purpose Housing 15
1987 Housing Projects 17
Property Management 19
Land Operations 21
Financial Statements 22
Regional Offices 39
Board of Directors 40

Letter of Transmittal

Regina, Saskatchewan
April 20, 1988

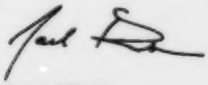
To His Honour
The Honourable
Frederick W. Johnson
Lieutenant Governor of the
Province of Saskatchewan

Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Housing Corporation for the period January 1st to December 31st, 1987 including financial statements for the year duly certified by Peat Marwick and in a form approved by the Treasury Board, all in accordance with The Saskatchewan Housing Corporation Act.

I have the honour to be, Sir

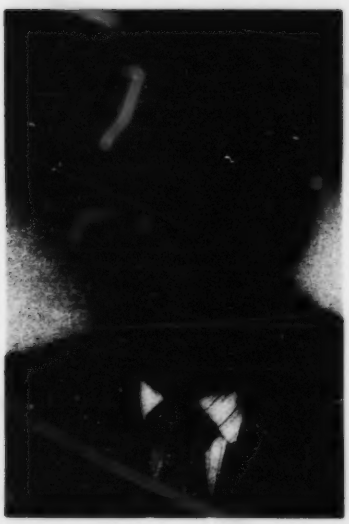
Your Obedient Servant



Jack Klein

Minister Responsible for
Saskatchewan Housing
Corporation

►*Minister's Statement*



The Saskatchewan Housing Corporation and the assistance it offers in meeting housing needs is an excellent example of government working in partnership with the people of this province.

The Saskatchewan Home Program, announced in August of 1986, has demonstrated the success of this partnership. This success is evident as we see the positive changes brought about by the program in many neighbourhoods throughout Saskatchewan.

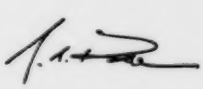
The grant and loan assistance have allowed Saskatchewan homeowners to enhance their most important asset, their home, and to do so in a fashion that best meets their individual needs. The Saskatchewan Home Program also plays an integral part in creating provincial employment opportunities, creating and maintaining almost 16,000 man years of employment since its inception.

A further example of this partnership is Innovative Housing, a new program initiative for 1987. This initiative involves working with people to develop the best solutions to housing needs within their community. By establishing a province wide competition for the construction of social housing, the Corporation was able to build on the local strengths of the private and non-profit sectors to provide housing for seniors and low income families.

The Saskatchewan Housing Corporation continues to rely on the hundreds of volunteers who make up its Housing Authority Boards. Their commitment to service and professional management is critical in addressing the housing needs of local people and in properly maintaining over 15,500 social housing units throughout the province. The tireless devotion of these volunteers, demonstrated in service to their communities, is evident in the pride Saskatchewan residents show in their public housing.

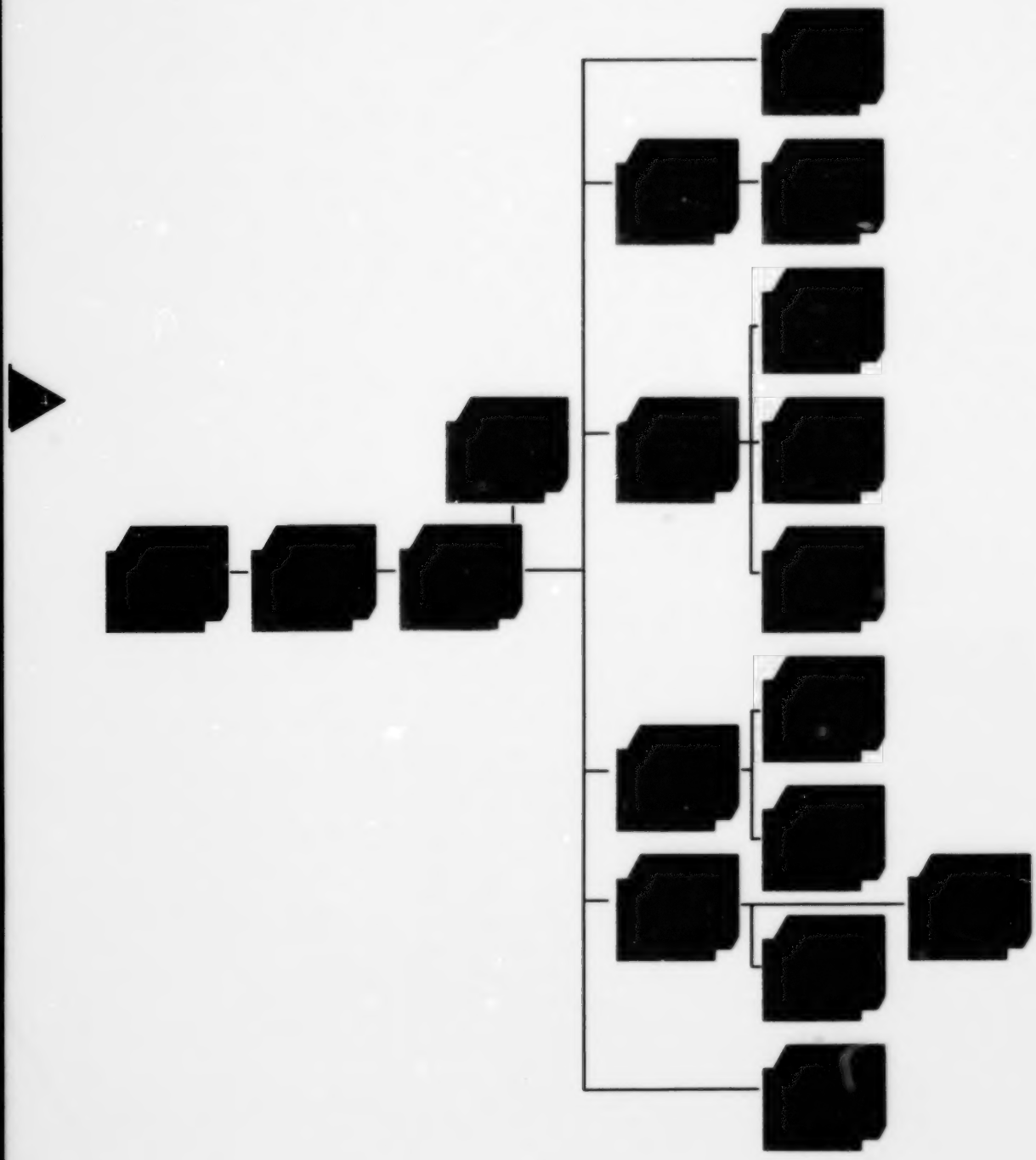
I congratulate the Board of Directors of the Corporation, the community volunteers, and the management and staff of the Saskatchewan Housing Corporation for their dedication and professionalism.

In looking forward to 1988 I am confident that we will build on these new and innovative housing programs. Our special partnership with the people of Saskatchewan will see the province continue to be a leader in the provision of decent affordable housing.

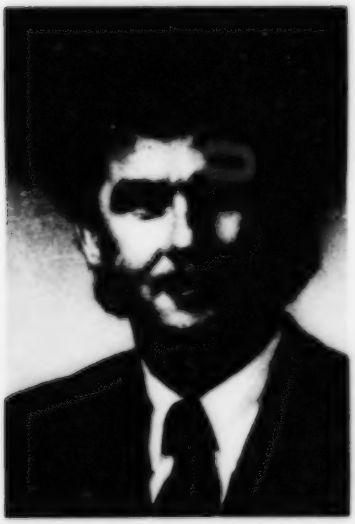


Jack Klein

Organizational Chart



►*President's Message*



In 1987, the overriding priority for the Saskatchewan Housing Corporation was to provide the best possible service to the public. All employees joined in a team effort to ensure an efficient and effective service, an effort that saw many notable accomplishments.

A major initiative was 'Innovative Housing '87'. This program offered community sponsors the opportunity to bring forward the most desirable solutions to their local housing needs. This opportunity focused on providing housing that was not only necessary but indeed was a response initiated, determined and delivered to best suit that need by the local community. It was accomplished by a province-wide competiton which built upon the wisdom and vision of dedicated people throughout Saskatchewan.

The program met with a tremendous response; a response that witnessed the creative rejuvenation of existing buildings and the development of new financing techniques and innovative service concepts for seniors. The quality of the submissions received clearly demonstrate the value of the program. As never before, the Corporation has the ability to facilitate projects ideally suited to the different circumstances in each community. This ability is a significant further step forward for the Saskatchewan Housing Corporation in its provision of service.

This same approach of community consultation led to further progress in the sale of land holdings and developed lots. In co-operation with our municipal partners, the Corporation's land holdings were significantly reduced by nearly 15%. In 1987 some 5 million dollars in sales revenue were generated.

The Home Program with its overwhelming popularity and hundreds of thousands of applications and payments in 1987 continued to challenge the Corporation. Goals of thirty day turnaround times on customer requests, telephone and service orientation seminars for staff and evening shifts were put in place to meet this challenge in a prompt, courteous fashion.

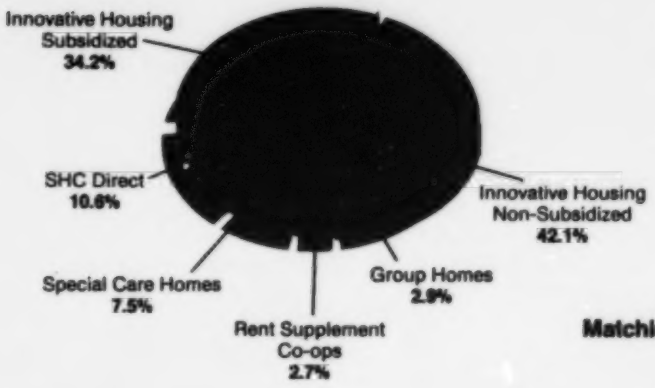
In 1988, the Corporation will continue its dedication to deliver and maintain the finest housing facilities and services to the citizens of Saskatchewan.

In order to provide for meaningful community input into the management of local housing assets, the very successful Housing Authority system has been developed. On behalf of the Corporation, I wish to extend my appreciation to the hundreds of volunteers on our local Housing Authority boards who assist us in the management of our housing portfolio.

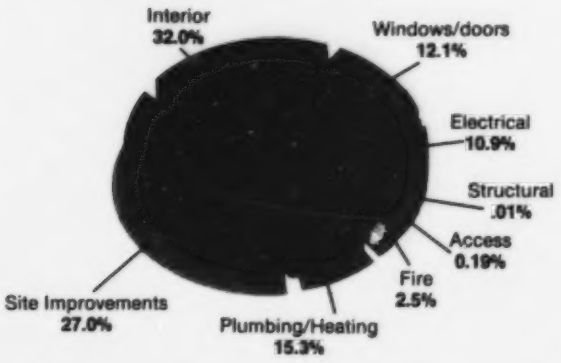
I would also like to express my sincere thanks to the Board of Directors and the staff of the Corporation. Their direction, support, and dedication have made it possible to achieve the accomplishments of 1987. They provide the base on which I am confident we will seek new opportunities and meet the challenges of 1988.

Larry R. Little

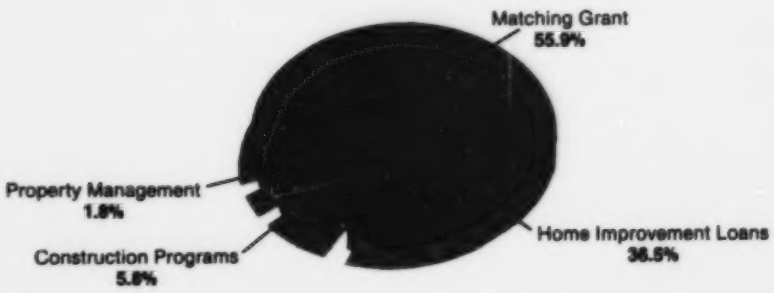
SHC Initiated Starts: (1987 Commitments)



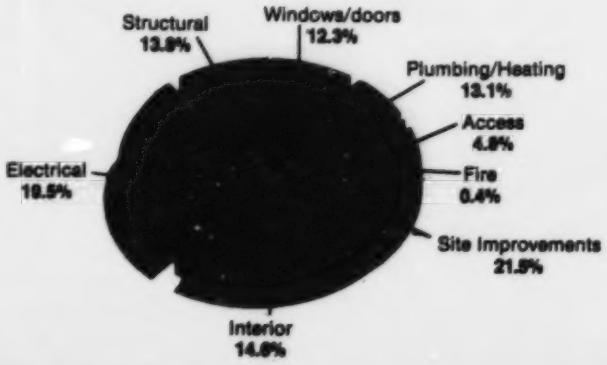
Matching Grant Plan: Type of Work Completed



Employment Generation by 1987 Housing Programs



Home Improvement Loan: Type of Work Completed



►*Program Activity*

The Saskatchewan Housing Corporation is committed to providing quality housing for seniors, low income families and those with special needs.

Assistance is provided through independent provincial initiatives which address the unique circumstances in Saskatchewan and through shared funding and delivery of programs in conjunction with the Canada Mortgage and Housing Corporation.

Through the Saskatchewan Home Program, every Saskatchewan homeowner has the opportunity, by way of grant and loan assistance, to renovate and upgrade his or her home. The home renovation industry is one of the most labour intensive industries in North America. Homeowners in partnership with the government are creating thousands of jobs across the province.

In addition to this renovation assistance, the Home Modification for the Disabled Program provided financial assistance to those individuals and families with special needs requiring modification to their homes.

1987 saw the inception of the Innovative Housing Program. It has provided the private and non-profit sectors an opportunity to design, own and manage housing projects. The ability of these groups to provide market as well as subsidized homes resulted in the initiation of over 300 unsubsidized units which otherwise may not have occurred. These projects provided creative solutions to local need and generated hundreds of additional jobs.

Through Innovative Housing, over 500 units were made available to seniors, families, and special needs groups. This activity complemented traditional delivery which saw 76 units committed. In recognition of the importance of the 'International Year of the Homeless', the Corporation participated in the delivery of two projects for the homeless.

Each year the Saskatchewan Housing Corporation is responsible for the development of new public housing. These homes are managed by a network of local housing authorities composed of dedicated volunteers. These people are responsible for the management of over 15,500 housing units in 281 communities. Their commitment to serving local needs is essential to the continued successful management of this portfolio.

Corporate land activity resulted in the marketing of 178 developed lots and 733 acres of land holdings throughout Saskatchewan.

Technical and financial assistance was provided in conjunction with Saskatchewan Health to deliver new special care homes; an additional four group homes were committed in co-operation with Saskatchewan Social Services.

The Saskatchewan Home Program

The Saskatchewan Home Program has proven to be an unparalleled success. This initiative was introduced in August 1986 by Premier Grant Devine. It was the first of its kind in Canada. The program was designed to meet two goals, to assist homeowners in the renovation of the family home and to serve as a major job creation intiative.

Every homeowner in Saskatchewan has an opportunity to participate. It is through this extensive renovation work that the Home Program plays a vital role in job creation throughout Saskatchewan.

In 1987, the first full year of the program, 128,086 applications were approved for the $1,500 matching grant. Home improvements valued at 268 million dollars will result from this activity, bringing the total value to 436 million dollars since 1986.

In addition, 26,810 loan commitments were processed in 1987. This element of the program, which provides loans of up to $10,000 at 6%, will lead to over 175 million dollars in construction work from 1987's activity. The total since the beginning of the program will exceed 242 million dollars.

This program will result in 443 million dollars worth of construction from the 1987 activity. Including indirect benefits, approximately 660 million dollars of economic activity will occur in Saskatchewan's economy. Nearly one billion dollars in direct and indirect benefits will have accrued since September of 1986.

The replacement and upgrading of windows, doors, roofing and exterior finishes have brought about a marked improvement in many neighbourhoods. Other improvements to plumbing, heating, electrical and interior finishings have made many Saskatchewan homes more comfortable, safe and energy efficient. At the same time these improvements have increased the owners' equity and provided important contributions to the provincial economy.

This activity has had a significant job creation effect. 1987's activity will create an estimated 10,200 jobs in the province. The total since the start of the program is now nearly 16,000 man years of employment created or maintained.

Since this home improvement activity is largely carried out by local businesses and trades people, the greatest impact of job creation is felt at the community level. Many home improvement projects occur in the spring and summer. Therefore, opportunities are created for students to gain employment and work experience.

Over 250,000 households in Saskatchewan own their home. The preservation of this asset is of great importance to homeowners.

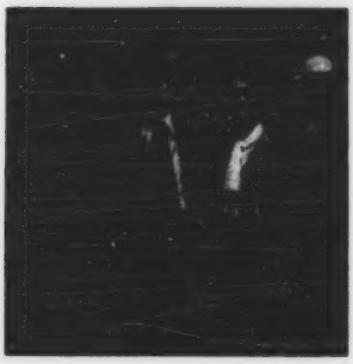
Protecting the family home will continue to be an important aspect of the Saskatchewan Housing Corporation through effective programs like the Saskatchewan Home Program.

►*Innovative Housing*

Innovative Housing is an exciting new initiative for the delivery of housing in Saskatchewan. Announced in 1987, it is the first program of its kind in Canada.

Saskatchewan people have a high sense of dedication in developing and implementing solutions based on local situations, opportunities and strengths. Innovative Housing draws upon these tremendous abilities. Through a province-wide competition, an opportunity was extended to all sponsors interested in providing a community based solution to local housing needs.

Proposals selected for assistance in 1987 were ones which effectively and economically best met their respective community's need, and demonstrated creativity in the provision of community and volunteer support services. A total of 245 subsidy units for seniors and low income families were allocated through this initiative.



Many of these unique proposals will successfully accommodate seniors of all incomes. Individuals not eligible for assisted housing because of a higher income may still benefit from this lifestyle through a 'life interest lease'. This new form of financing enables middle and upper income seniors to acquire a lifetime interest in their unit. When the time comes to sell the unit, the sponsoring group will simply repurchase the unit. The economies of scale which result from the addition of these life interest units means that more seniors can enjoy an enriched environment, assisting each other in maintaining their independent lifestyles.

Modular housing was yet another new concept introduced in 1987. This form of enriched housing involves the modular assembly of self-contained apartments, connected by a common corridor, with shared laundry and lounge facilities. The addition or removal of units according to changing needs in smaller communities will prove the value of this building block for the future.

A unique result of Innovative Housing is the community regeneration of existing structures. In Nipawin, the former Union Hospital is being rejuvenated to meet the needs of local seniors and families, while in Watrous a vacant nurses residence will be converted to a seniors project.

One of the benefits of Innovative Housing has been the active interest, often for the first time, of church groups in the design, ownership and management of low income family housing. The Lutheran Sunset Home is constructing a 30 unit family project in Saskatoon, while the church based Transcona Housing Association is redeveloping a vacant school site in Regina with 46 units of family housing.

In response to local need, the town of Watrous brought forward a proposal to provide accommodation to homeless seniors in the community.

'Waterston House' is now reality. This 40 unit apartment building is being developed in Regina for the Salvation Army. When completed, the building will operate in conjunction with the adjacent Salvation Army hostel.

The Corporation, in partnership with community initiatives, will continue to strive for efficient and responsive solutions in the delivery of housing in Saskatchewan.

► *Enriched Housing*

Meeting the housing needs of Saskatchewan seniors continues to be of primary importance to the Corporation. As the number of seniors increases, the Corporation has responded by developing programs and services which enable seniors to enjoy an independent lifestyle for as long as possible.

For many seniors, the need for housing extends beyond simple shelter. Enriched Housing was developed, through consultations with senior citizens, to provide housing in an environment that helps keep seniors independent.

The success of the concept is due in large part to a diverse group of volunteers and staff members working together. The co-ordinated efforts of local Housing Authorities, District Co-ordinating Committees, Home Care and community volunteer and service organizations all contribute to the success of the projects.

The unique design concept maximizes independent living through self contained units, arranged along a common corridor. An important feature of these projects is the lounge where residents can gather for entertainment and companionship. In addition, this common area is utilized for a number of volunteer community services and programs.

Services found in Enriched Housing projects vary from community to community, based on local need, commitment and choice by the residents. Social and fitness activities, locally supervised security systems and transportation services are examples of the volunteer services which may be provided. The provision of health care, based on assessed need, continues to be an important service to residents. This care is provided through the volunteer efforts of the local Home Care District, and funded by Saskatchewan Health.

In 1987 the Saskatchewan Housing Corporation maintained its liaison with Saskatchewan Health to act on opportunities for greater co-ordination of housing and health services. As a result, Home Care services to residents of enriched projects will continue to receive substantial emphasis. Through co-operation between local Housing Authorities and District Co-ordinating Committees, seniors will be helped to access services so that they may continue to enjoy the independent lifestyle offered by Enriched Housing.

In 1987, 68 Enriched Housing units were constructed by the Saskatchewan Housing Corporation. As well, 431 enriched units will be constructed through Innovative Housing, 129 of which were subsidized. This brings the total Enriched units receiving assistance in Saskatchewan to 1280 since the program's 1983 inception.

► *Special Purpose Housing*

In 1987, the corporation continued to play an integral part in the construction of special-care homes in communities across the province. In co-operation with Saskatchewan Health, new construction projects included a thirty-bed special care home in Canwood and twelve-bed special care additions in Theodore and Leoville.

Capital funding for these projects was provided by the non-profit sponsoring groups and private lenders. The provincial and federal governments provide an operating subsidy.

In 1982, the Province initiated a program of building new, and replacing obsolete existing Special Care Home facilities.

The Saskatchewan Housing Corporation has participated in the delivery of these projects by providing the necessary technical assistance. Subsidized mortgage assistance has been obtained by the Corporation for many special care home projects through Federal/ Provincial housing programs.

The Saskatchewan Housing Corporation will continue to provide technical advice and facilitate needed financial assistance for the construction of new and replacement special care facilities.

In 1987, the Corporation assisted in the construction of four group homes in conjunction with Saskatchewan Social Services. A six bed group home was constructed in Hague, with operating subsidies provided by the provincial and federal governments. Group homes were also constructed in Porcupine Plain, Sturgis and North Battleford, and these projects will receive operating subsidies from the province.

Special Care Home Construction Activity

Year	Total Beds Provided	Beds Subsidized by SHC
1982	248	200
1983	167	163
1984	328	325
1985	883	565
1986	193	193
1987	54	54
	1,873	1,500

► 1987 Project Locations

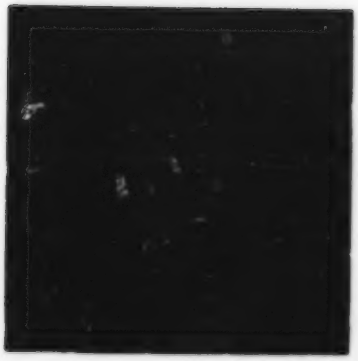
► 1987 Housing Projects

Community	Sponsor	Project Type	Assisted Units	Private Units	Total Units
Innovative Housing					
Lestock	Village of Lestock/SHC	Senior Modular	6		6
Beechy	Village of Beechy/SHC	Senior Modular	6		6
Stenen	Village of Stenen/SHC	Senior Modular	4		4
Saskatoon Luther Heights	Lutheran Housing Co-op	Senior Enriched	30	90	120
Saskatoon Bethany Manor	Mennonite Care Services	Senior Enriched	21	56	77
Saskatoon McClure Place	McClure Place Assoc. Ltd.	Senior Enriched	29	80	109
Estevan Trinity Tower	Estevan Dev. Assoc. Inc.	Senior Enriched	14	38	52
Rosthern	Mennonite Nursing Home	Senior Enriched	4	4	8
Nipawin	Riverside Seniors Manor Inc.	Senior Enriched	10	26	36
Nipawin	Riverside Seniors Manor Inc.	Family	6		6
Watrous	Watrous Mens Hostel Inc.	Elderly Senior	12		12
Melfort	Consolation Manor Inc.	Senior Enriched	5	8	13
Melfort	Consolation Manor Inc.	Family	10		10
Regina	Transcona Housing Assoc.	Family	46		46
Saskatoon	Lutheran Sunset Home	Family	30		30
Yorkton	City of Yorkton/SHC	Family-Existing	12		12
Direct Delivery					
Alameda	Town of Alameda/SHC	Senior Enriched	6		6
Meadow Lake	Town of Meadow Lake/SHC	Senior Enriched	12		12
Cudworth	Town of Cudworth/SHC	Senior Enriched	10		10
Regina	SHC	Family-Existing	7		7
Saskatoon	SHC	Family-Existing	1		1
Regina Waterston House	Salvation Army	Seniors Enriched	40		40
Special Purpose Housing					
Canwood	Whispering Pine Place Inc.	Special Care Home	30		30
Theodore	Heritage Special Care Home Inc.	Special Care Home	12		12
Leoville	Leoville & District Continuing Care Assoc.	Special Care Home	12		12
Hague	Sunshine Housing Inc.	Group Home	6		6
Porcupine Plain	Porcupine Opportunities Program	Group Home	5		5
Sturgis	McKenzie Society	Group Home	5		5
North Battleford	Battleford Residential Services	Group Home	5		5
Rent Supplement					
Saskatoon	Hector Trout Co-op	Senior Co-op	4		4
Regina	Lakewood Manor Co-op	Senior Co-op	13		13
Moosomin	Southeast Housing Co-op	Senior Co-op	2		2
			415	302	717

► *Property Management*

Property Management is one of the most critically important functions of the Saskatchewan Housing Corporation. The Corporation is responsible for the overall management of 18,800 assisted housing units in over 280 communities across Saskatchewan. This management entails direct administration of a portfolio with a replacement cost approaching one billion dollars and an annual budget of nearly 130 million dollars.

As with so many of the Corporation's responsibilities, the key to effective Property Management is our dedication to customer service. The need to provide the best service throughout Saskatchewan led to the formation of the local Housing Authorities, which manage virtually all of the public housing constructed or purchased by the Saskatchewan Housing Corporation. These Authorities are run by boards made up of volunteers from the community and operate in a unique partnership with the province. This partnership sees community residents, who are sensitive to local needs, responsible for tenant selection and the day to day management of public housing. The professionalism and dedication shown by these volunteer boards and organizations are key to the success of this partnership. Overall co-ordination and policy setting remains the responsibility of the Saskatchewan Housing Corporation.



In 1987, the Corporation continued to enhance communications and working relations with the Housing Authority boards. A series of seven regional workshops were held across the province and were attended by more than 600 Housing Authority board members and managers. Participants took part in presentations on tenant relations, service and selection. Improved administrative and cash management procedures, life cycle and other maintenance programs were highlighted as well. Other presentations discussed improving the quality of life for seniors in public housing projects. Workshops such as these have allowed the Corporation to benefit from the valuable input of local Housing Authorities from all across the province.

This year, as a result of the input from the 1986 Housing Authority Workshops, the Corporation introduced a maintenance manual. This will facilitate greater consistency and quality of maintenance as well as optimal energy conservation practises.

The workshop provided training and encouraged feedback on the computerized information support system which was successfully implemented in 1986 and further enhanced in 1987.

The Saskatchewan Housing Corporation is committed to serving seniors, low income families and the disabled of this province. Progressive and compassionate management of this important portfolio in partnership with the Housing Authorities remains a priority of the Corporation.

► *Land Operations*

The priority for land operations during 1987 was the continued orderly reduction of land holdings in areas where the supply of land exceeded reasonable expectations for future sales activity. Progress towards this objective has been achieved while at the same time ensuring that homeowners and municipalities have access to a reasonable supply of serviced lots.

During 1987, the Corporation sold 185 acres of land in Lashburn and Yorkton which were not required for immediate residential development. In addition, the Corporation negotiated agreements with Watson, Yorkton and Meadow Lake that will lead to 548 acres of undeveloped land, held between the Corporation and the Municipality, being either sold to local purchasers or bought by the municipal government. These transactions will reduce undeveloped land holdings by 14%.

The Corporation continues to work with communities to implement marketing strategies and encourage building activity in our jointly held subdivisions. The Corporation and its municipal partners sold or optioned 178 lots in 33 communities. Land Assembly inventories were sold out in nine projects. Land Assembly lot holdings were reduced by 15% in 1987 while sales proceeds of $4.8 million were generated.

In 1988 the Saskatchewan Housing Corporation will continue its endeavours to reduce land holdings through co-operation with the municipalities and encouragement of the private sector.

Saskatchewan Housing Corporation

Consolidated Financial Statements
December 31, 1987

Management's Responsibility for Financial Statements

These financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with the disclosed basis of accounting as described in the notes. The statements necessarily include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality. Other financial information in the Annual Report is consistent with that provided in the statements.

The Corporation's accounting system and related system of internal controls are designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, and financial records are properly maintained to provide reliable information for use in the preparation of financial statements.

These financial statements have been approved by the Board of Directors and examined by the Corporation's external auditor.

Larry Little
President

Larry Boys
Executive Vice-President

Auditor's Report

To the Members of the
Legislative Assembly
Province of Saskatchewan

We have examined the consolidated balance sheet of the Saskatchewan Housing Corporation as at December 31, 1987, and the consolidated statements of accumulated operating surplus, operations and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1987, and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

The comparative figures for 1986 were reported on by another chartered accountant.

Peat Marwick

Chartered Accountants

Regina, Canada

March 19, 1988

► Consolidated Balance Sheet

As at December 31
(thousands)

	1987	1986
ASSETS		
Cash and short term investments, at cost	$ 32,734	$ 51,546
Accounts receivable	8,224	16,267
Grants receivable - Province of Saskatchewan (note 2)	1,888	1,065
Mortgages and loans	30,769	23,565
Land development projects (note 4)	25,193	30,403
Investment in housing projects (note 3)	272,623	252,759
	$ 371,431	$ 375,605
LIABILITIES AND PROVINCE'S EQUITY		
Liabilities:		
Accounts payable and accruals	$ 25,672	$ 27,784
Accumulated capital provisions	6,920	5,797
Land profits holding account (note 5)	2,483	2,489
Long term debt (note 6)	320,384	320,793
	$ 355,459	$ 356,863
Province's equity:		
Accumulated operating surplus	$ -	$ 1,988
Contributed surplus	15,972	16,754
	$ 15,972	$ 18,742
Contingencies and commitments (notes 9 and 10)		
	$ 371,431	$ 375,605

► Consolidated Statement of Accumulated Operating Surplus

For the Year ended December 31
(thousands)

	1987	1986
Balance, beginning of year	$ 1,988	$ 5,540
Increase (decrease) in accumulated operating surplus	(1,771)	1,946
	$ 217	$ 7,486
Transfer to Consolidated Fund, Province of Saskatchewan (note 11)	217	5,498
Balance, end of year	$ -	$ 1,988

See accompanying notes to the financial statements.

► *Consolidated Statement of Operations*

For the Year ended December 31
(thousands)

	Total		Corporate	
	1987	1986	1987	1986
Revenues:				
Land sales	$ 4,872	$ 9,331	$ 4,872	$ 9,331
Rents and other income	20,264	20,021	1,495	1,532
Interest income	8,228	7,744	8,037	7,578
Federal subsidies	12,682	12,735	-	-
Grants from Province of Saskatchewan (note 2)	158,224	66,086	142,925	50,739
	$ 204,270	$ 115,917	$ 157,329	$ 69,180
Expenditures:				
Cost of land sales (note 8)	$ 6,396	$ 9,971	$ 6,396	$ 9,971
Interest expense (note 7)	33,766	32,757	2,828	2,718
Maintenance	5,495	5,691	312	484
Taxes, insurance and other	8,465	8,221	511	603
Amortization	900	849	-	-
Administration Expenses	11,766	13,972	9,923	11.491
Recovered or capitalized	(2,566)	(4,376)	(2,566)	(4,376)
Grants	137,202	44,035	137,191	44,035
	$ 201,424	$ 111,120	$ 154,595	$ 64,926
Other charges:				
Reduction in net realizable value of land development projects (note 8)	$ 3,144	$ 2,719	$ 3,144	$ 2,719
Losses recovered from Municipalities	(558)	(13)	(558)	(13)
Profit (loss) on land sales transferred to (recovered from) land profits holding account (note 5)	26	(650)	26	(650)
Purchase of land (note 11)	1,771	-	-	-
Other charges	234	795	229	746
	$ 4,617	$ 2,851	$ 2,841	$ 2,802
Increase (decrease) in accumulated operating surplus	$ (1,771)	$ 1,946	$ (107)	$ 1,452

See accompanying notes to the financial statements.

Non-Profit Housing		Rural Housing		Public Housing	
1987	1986	1987	1986	1987	1986
$ -	$ -	$ -	$ -	$ -	$ -
11,292	11,315	1,546	1,547	5,931	5,627
181	155	10	11	-	-
12,282	12,735	-	-	400	-
249	266	3,095	3,347	11,955	11,734
$ 24,004	$ 24,471	$ 4,651	$ 4,905	$ 18,286	$ 17,361
$ -	$ -	$ -	$ -	$ -	$ -
17,100	17,050	2,782	2,829	11,056	10,160
2,481	2,434	355	572	2,347	2,201
3,448	3,475	564	544	3,942	3,599
124	108	587	537	189	204
744	861	358	423	741	1,197
-	-	-	-	-	-
-	-	-	-	11	-
$ 23,897	$ 23,928	$ 4,646	$ 4,905	$ 18,286	$ 17,361
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,771	-	-	-	-	-
-	-	5	49	-	-
$ 1,771	$ -	$ 5	$ 49	$ -	$ -
$ (1,664)	$ 543	$ -	$ (49)	$ -	$ -

Consolidated Statement of Cash Flows

For the Year ended December 31
(thousands)

	1987	1986
Cash provided by (used in):		
Operating activities:		
Increase (decrease) in accumulated operating surplus	$ (1,771)	$ 1,946
Charges to operations not requiring cash:		
Cost of land sales (net of losses charged to Municipalities)	5,838	9,958
Reduction of land development projects to net realizable value	3,144	2,719
Profit (loss) on land sales transferred to land assembly holding account	26	(650)
Provision for capital replacements	1,699	1,695
Amortization	900	849
Other losses	50	674
Transfer of accumulated operating surplus to Consolidated Fund, Province of Saskatchewan	(217)	(5,498)
Payouts to Municipalities from land profits holding account	(32)	(782)
Decrease in non-cash working capital	4,759	2,782
	$ 14,396	$ 13,693
Investment activities:		
Reduction (increase) of mortgage and loans	$ (7,254)	$ 5,182
Investment in housing projects	(20,027)	(5,684)
Investment in land development projects	(5,087)	(6,394)
Capital replacements	(576)	(509)
Proceeds from sale of Staff Housing units	554	409
Transfer of Staff Housing sale proceeds to Consolidated Fund, Province of Saskatchewan	(409)	(663)
	$ (32,799)	$ (7,659)
Financing activities:		
Proceeds (repayments) of long term debt	$ (409)	$ 824
Net increase (decrease) in cash during the year	$ (18,812)	$ 6,858
Cash and short-term investments, beginning of year	51,546	44,688
Cash and short-term investments, end of year	$ 32,734	$ 51,546

See accompanying notes to the financial statements.

► *Notes to Consolidated Financial Statements*

December 31, 1987

1. Significant accounting policies:

a) Basis of consolidation:

The Consolidated Financial Statements include the accounts of Saskatchewan Housing Corporation and the Corporation's proportionate share of the net assets and revenues and expenditures of the joint venture projects in which it participates, as described in notes 3 and 4.

b) Segmented information:

The Consolidated Statement of Operations reflects revenues and expenditures of the Corporation according to major program areas.

The Corporate segment includes interest (note 7), corporate administration, land operations, staff housing rental operations, the Saskatchewan Mortgage Guarantee Program operations and grants and subsidies paid but not included in other segments (note 2). Certain allocations of administration costs have been made to the Housing segments where permitted under operating agreements with Canada Mortgage and Housing Corporation.

Interest is allocated to Public and Rural Housing projects based on rates established at project commitment date. These rates approximate market rates at the time, which are generally higher than the rates the Corporation pays on funds borrowed. For Non-Profit Housing projects, interest is allocated based on the Corporation's weighted average cost of funds borrowed during the construction period for each project.

c) Grants from the Province of Saskatchewan:

The Corporation receives the following operating program grants from the Consolidated Fund of the Province of Saskatchewan pursuant to the provisions of Section 36 of the **The Saskatchewan Housing Corporation Act**:

Public and Rural Housing:

These are related to Public and Rural Housing projects constructed for occupancy by low and moderate income people. The required monthly payments are dependent on occupants' income and do not necessarily cover the operating costs and debt retirement requirements of the projects. Amounts reflected in the Consolidated Statement of Operations represent the Corporation's recovery of its share of project deficits and principal and interest amortization.

Net Operating and other:

For the purpose of revenue recognition, grants from the Province of Saskatchewan are shown equal to related program expenditures or deficits as applicable. These amounts consist of recoveries of third party grants and an operating grant intended to cover net administration costs and capital losses incurred, net of interest spreads earned and other recoveries from housing and land operations.

Third party grant expenditures are accounted for on a cash basis with the exception of Urban-Native housing subsidies.

d) Investment in housing projects:

Completed Public and Non-Profit Housing projects are carried at the lower of cost and costs agreed to by Canada Mortgage and Housing Corporation (C.M.H.C.), less accumulated amortization. Rural Housing projects are carried at the lower of original cost and market value, less accumulated amortization. Major structural renovations not undertaken in conjunction with C.M.H.C. are capitalized to the extent that the costs incurred are determined to be recoverable from the Province. The Corporation capitalizes the following in arriving at the cost of a project:

- Land acquisition costs
- Direct development and construction costs
- Administration costs allocated
- Interest
- Other carrying costs

Public and Rural Housing projects are transferred to completed projects upon substantial completion of construction and determination of final capital costs. Non-Profit Housing projects are transferred to completed projects in the month in which construction is completed and renting can begin. Amortization is recorded on completed projects and the cost of major structural renovations on the sinking fund basis over periods ranging from twenty-five to fifty years. By this method, amortization is charged to expense in an amount which increases annually and is considered sufficient to amortize the projects fully over their anticipated useful lives.

The Corporation provides mortgage financing to purchasers of certain Rural Housing units. The intent when selling is to recover actual costs; accordingly, these sales are not recognized in the Consolidated Financial Statements.

Rural Housing assets transferred to the Corporation in 1982 pursuant to Section 4(6) of **The Saskatchewan Housing Corporation Act** are recorded at the lower of the originally approved project commitment amortized to October 31, 1982, less cost to complete, or the net book value at that date. Amortization, calculated on the sinking fund basis over periods of up to twenty-five years, is charged to operations to the extent of the Corporation's cash investment in the assets, and the balance is charged against Contributed Surplus.

Staff Housing assets, transferred from the Province's Department of Supply and Services at no cost, are recorded at the lower of estimated construction costs amortized to March 31, 1984 or the net book value at that date. Amortization, recorded on the straight-line basis over periods of up to forty years, is charged against Contributed Surplus. Pursuant to the direction of Treasury Board, net sales proceeds from disposition of Staff Housing units are returned to the Consolidated Fund of the Province of Saskatchewan.

e) Land development projects:

Land development projects are carried at the lower of cost and net realizable value.

The Corporation capitalizes the following in arriving at the cost of land:

- Land acquisition costs
- Direct development costs
- Administration costs allocated
- Interest
- Other carrying costs

Interest is capitalized on the net investment after deducting any provision for loss.

Sales of land intended for single family residential development are recorded at the earlier of receipt of total proceeds or completion of the first floor joist stage of construction. Other land sales are recorded at the earlier of receipt of total sale proceeds or the date by which all material conditions required of the vendor as specified in the sales agreement have been satisfied, and effective control of the property has passed to the purchaser.

The cost of lot sales is allocated in proportion to total anticipated revenue by project. Adjustments to prior years' costs of lot sales arising from revisions to anticipated revenues are included with the current year's costs of sales.

Transfers of land for use in housing projects are made at market prices.

f) Interest capitalized:

Interest is capitalized on housing and land projects at rates established at individual project commitment dates, based on approximate market rates at the time.

g) Accumulated capital provisions:

In accordance with Section 56.1 of **The National Housing Act**, the Corporation provides each year for replacement of appliances and for building renovations at rates agreed to by the Canada Mortgage and Housing Corporation. These amounts are charged to Maintenance and credited to Accumulated Capital Provisions. Amounts are charged against Accumulated Capital Provisions as actual expenditures are incurred.

h) Federal subsidies:

The Corporation receives subsidies from the Canada Mortgage and Housing Corporation subject to the terms of agreements under Section 56.1 of **The National Housing Act**.

i) Saskatchewan Mortgage Guarantee Program:

Premiums received in respect of mortgage guarantees provided by the Corporation have been deferred, and are being taken into revenue on the basis of risk factors established by the Federal Department of Insurance.

Losses on individual mortgage guarantees are provided for on the basis of claims received and mortgage arrears as reported to the Corporation by lenders.

j) Home Improvement Program:

This program includes grants and subsidies to eligible provincial homeowners, and other costs directly associated with the delivery of the program. In addition the Corporation is providing loan guarantees to lenders. Losses on individual loan guarantees are provided for on the basis of an assessment of the collectibility of loans which have been referred to the Corporation.

k) Contributed surplus:

This balance relates to certain Rural Housing and Staff Housing assets previously transferred to the Corporation. Charges to Contributed Surplus include the net book value of units disposed of during the year and amortization as further described in note 1(d).

l) Fixed assets:

Purchases of office and specialized equipment are charged to operations in the year of purchase and gross proceeds on any disposal are recorded as revenue.

2. Grants Receivable - Province of Saskatchewan
(thousands)

	Balance January 1	Received From Consolidated Fund	Reflected As Revenues In Consolidated Statement of Operations	Balance December 31
Home Improvement Program	$ (1,392)	$ 118,236	$ 122,980	$ 3,352
Public Housing	415	12,856	12,204	(237)
Net Operating	(427)	6,481	5,734	(1,174)
First Time New Home Buyers	422	4,626	4,815	611
Non-profit Sponsors of Moderately Priced Senior Citizens Accommodation	280	3,757	3,719	242
Rural Housing	(24)	2,944	3,095	127
Non-profit Sponsors of Moderately Priced Accommodation (Urban-Native)	1,601	4,541	2,918	178
Senior Citizens Home Repair Assistance	694	2,975	1,868	(413)
Residential Rehabilitation Loan Forgiveness	(37)	767	607	(197)
Home Modification for the Handicapped	(7)	188	243	48
Farm Housing	(4)	30	25	(9)
Co-operative Housing	(95)	-	20	(75)
Other	(561)	-	(4)	(565)
Total - 1987	$ 1,065	$ 157,401	$ (58,224	$ 1,888
Total - 1986	$ 2,091	$ 67,112	$ 66,086	$ 1,065

3. Investment in housing projects:

	Cost	Accumulated Amortization	1987 Net Book Value	1986 Net Book Value
			(thousands)	
Non-Profit Housing	$ 125,695	$ 513	$ 125,182	$ 125,306
Public Housing	103,669	1,418	102,251	82,403
Rural Housing	34,281	3,158	31,123	29,552
Staff Housing and other	9,357	1,363	7,994	8,790
Projects under construction	6,073	-	6,073	6,708
	$ 279,075	$ 6,452	$ 272,623	$ 252,759

Non-Profit Housing projects are wholly owned by the Corporation.

Public Housing projects are constructed and operated pursuant to joint venture agreements with Canada Mortgage and Housing Corporation (C.M.H.C.) and Municipalities. The Corporation's participation in these joint ventures is twenty percent in most instances for projects constructed prior to 1986; for those constructed since then the Corporation has a ninety-five percent ownership interest.

Rural Housing projects are constructed and operated pursuant to joint venture agreements with C.M.H.C. The Corporation's participation in these joint ventures is twenty-five percent in most instances.

4. Land development projects:

	1987	1986
	(thousands)	
Developed and under development	$ 14,175	$ 19,234
Held for future development	21,695	20,026
	$ 35,870	$ 39,260
Less: Accumulated provision for loss	10,677	8,857
	$ 25,193	$ 30,403

Land development projects are undertaken pursuant to joint venture agreements with various Municipalities. Development costs have, in most instances, been shared ninety-five percent by the Corporation and five percent by the Municipalities. The Municipalities' accumulated equity of $327,000 (1986 - $1,381,000) is included in accounts payable and accruals.

5. Land profits holding account:

	1987	1986
	(thousands)	
Balance, January 1	$ 2,489	$ 3,921
Profit (loss) on land sales	26	(650)
	$ 2,515	$ 3,271
Deduct: Payouts to Municipalities	32	782
Balance, December 31	$ 2,483	$ 2,489

Profit earned on Land Development projects is distributed according to agreements with the Municipalities, which specify the percentage of profits to be transferred to a holding account for social or recreational development in the Municipalities, or for other purposes as deemed appropriate by the Corporation. Individual project balances are subject to release pending determination of final costs, receipt of the last lot sale proceeds, and approval by the Corporation.

6. Long term debt:

		1987	1986
			(thousands)
Advances repayable to the Consolidated Fund, Province of Saskatchewan:			
Year Payable	**Weighted Average Interest Rate**		
1995	8.66	$ 19,736	$ 19,736
1996	9.08	27,274	27,274
1997	8.98	43,407	43,407
1998	9.41	21,030	21,030
1999	10.34	35,578	35,578
2000	12.48	31,887	31,887
2001	15.51	42,075	42,075
2002	14.80	76,686	76,686
2003	12.15	10,240	10,240
2004	12.96	9,391	9,391
		$ 317,304	$ 317,304
C.M.H.C. land assembly loans at interest rates varying from 9.625% to 10.75%, secured by land inventory and repayable based upon future lot sales from 1988 to 2011.		2,221	2,573
Bank loan unsecured and repayable in monthly amounts of $14,000, including interest at 12%.		859	916
		$ 320,384	$ 320,793

7. Interest expense:

	1987	1986
		(thousands)
Interest incurred	$ 38,226	$ 38,091
Less: Interest capitalized	(4,076)	(4,408)
Interest recovered	(384)	(926)
	$ 33,766	$ 32,757

8. Charges to operations:

Charges (credits) to income in the current year include the following:

(a) a reduction in the carrying value of the land development projects at December 31, 1987 in the amount of $3,144,000 (1986 - $2,719,000) to reflect diminished net realizable value; and

(b) an adjustment related to previous years' cost of land sales in the amount of $574,000 (1986 - $41,000) which resulted from revisions to anticipated project revenues.

9. Contingencies:

Home Program

Commencing in September, 1986 the Corporation has provided loan guarantees to lenders pursuant to the Home Program. Loans to borrowers are guaranteed to a maximum of $10,000 and are to be amortized over periods not exceeding ten years. As at December 31, 1987, a total of 36,112 loan guarantees (1986 - 9,790) were in effect, and the outstanding balance of loans guaranteed approximated $230,147,000 (1986 - $68,850,000).

Saskatchewan Mortgage Guarantee Program

During 1986 and 1987 the Corporation provided mortgage guarantees to lenders financing certain new housing construction. As at December 31, 1987 a total of 670 (1986 - 236) such mortgage guarantees were in effect and the outstanding balances of mortgages guaranteed was $52,799,000 (1986 - $12,495,000).

10. Commitments:

The Corporation had the following approximate commitments as of December, 31, 1987:

(a) Construction expenditures of $248,000
(b) Land development expenditures of $ 3,729,000
(c) Home improvement grants of $ 48,000,000
(d) Lease payments over the next five years in the following annual minimum amounts:

1988	-	$ 1,380,000
1989	-	1,330,000
1990	-	1,120,000
1991	-	610,000
1992	-	430,000

11. Transfer to Consolidated Fund, Province of Saskatchewan:

During 1987, the Corporation's Board of Directors authorized the transfer of $217,000 of Accumulated Operating Surplus to the Consolidated Fund, Province of Saskatchewan. An amount of $1,771,000 of Accumulated Operating Surplus was reserved to fund a charge to 1987 operations resulting from an agreement to purchase land, previously leased, from a Saskatchewan Crown Corporation. The Corporation does not expect to recover the cost of the land from future project revenue.

12. Related party transactions:

Transactions with Saskatchewan's Crown controlled departments, agencies and corporations are conducted at market prices.

13. Remuneration for directors and senior officers:

During the year ended December 31, 1987 eleven persons (1986 - nine) served on the Corporation's Board of Directors and eight persons (1986 - nine) served as senior officers.

The aggregate remuneration to Directors amounted to $16,000 (1986 - $42,000) and the aggregate remuneration to senior officers was $414,000 (1986 - $531,000).

14. Comparative information:

Certain 1986 financial information has been reclassified to conform with the 1987 presentation.

Regional Offices

In order to provide the best service to the public the Saskatchewan Housing Corporation maintains regional offices in Saskatoon and Prince Albert.

Nearly half of the residents of Saskatchewan are served through the regional offices. Employees from these offices provide the public with information on Corporate activity, deliver SHC programs and handle general regional housing matters. The staff also works with interested communities, non-profit groups and business people on a wide variety of housing related issues. Regional Offices provide Housing Authorities in their areas with a more direct link and easier access to the Corporation.

Office Locations

Saskatchewan Housing Corporation
8th Floor, The North Canadian Oils Building
Regina, Saskatchewan
S4P 3V7
(306) 787-4177

Saskatchewan Housing Corporation
2nd Floor, Sturdy Stone Building
122 - 3rd Avenue North
Saskatoon, Saskatchewan
S7K 2H6
(306) 933-6292

Saskatchewan Housing Corporation
10th Floor, MacIntosh Mall
800 Central Avenue
Prince Albert, Saskatchewan
S6V 6G1
(306) 953-7540

Board of Directors

Hon. Jack Klein
Chairman

Hon. Neal Hardy
Vice-Chairman

David Eberle
Alternate Vice-Chairman

Larry Boys
Corporate Secretary

James Maher
North Battleford

Ken Burton
Kipling

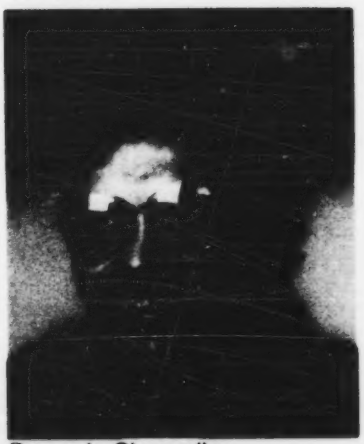
Janice Poulin
Prince Albert

Jack H. Hansen
Regina

Irene Leason
Hudson Bay

Stu Harris
Saskatoon

Cheryl Kotelko
Cudworth



Donna LaChappelle
Swift Current